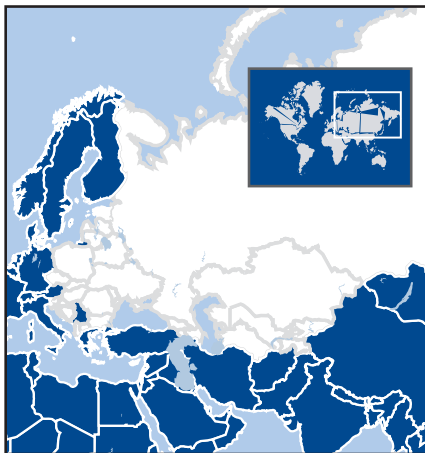




USAID
FROM THE AMERICAN PEOPLE

GLOBAL CLIMATE CHANGE: CEE/NIS

SEPTEMBER 2003



Through USAID's activities designed to improve energy efficiency in the CEE/NIS countries, the future of cleaner and more environmentally sound production is promising. Creating the proper market environments for energy efficiency and emissions reduction will not only help mitigate the effects of climate change but will promote economic development in the region.

Background. The transition from centrally planned market economies in Central and Eastern Europe (CEE) and the New Independent States (NIS) of the former Soviet Union has important implications for the energy and environmental systems affecting global climate change. The transition initially resulted in sharp reductions in economic output, energy consumption, and greenhouse gas (GHG) emissions from peak 1990 levels. While economic growth and energy demand have been restored in several countries that have implemented economic reforms, it will be some time before GHG emissions reach former levels. Due to an economic system that heavily subsidized energy production and consumption, energy intensity (the amount of energy consumed per dollar of GNP produced) in the CEE/NIS economies generally ranges from two to five times that of Western industrialized countries.

Sector-Specific Climate Change Activities. USAID's approach to mitigating the threat of global climate change in this region focuses heavily on energy efficiency, direct emissions reduction, and policy/legal/regulatory reforms to create proper market environments for such actions, rather than on carbon sequestration and land management. The four key climate change countries and regions in CEE/NIS are Russia, Poland, Ukraine, and the Central Asian Republics.

In Central and Eastern European countries, USAID's main activities include creating a commercial market environment, promoting municipal energy efficiency projects, conducting prefeasibility studies, creating business plans for energy efficiency investment projects, carrying out energy audits, and stimulating innovative financing approaches. To help reach these goals, USAID regional funding is being used to draft energy laws, and assistance is being provided to strengthen the capacity to implement reforms among energy regulatory authorities. A report has also been prepared on overcoming barriers to implementing energy efficiency projects. In collaboration with the Municipal Network for Energy Efficiency (MUNEE), USAID also holds informative workshops, supports energy efficiency centers in four CEE countries, and works with a municipal association to develop energy efficiency strategies. Under MUNEE, the Alliance to Save Energy and EnEffect prepared papers on the potential energy market in 80 cities. Other notable activities include the establishment of a Romanian Energy Efficiency Network, organization of a regional conference on transmission planning, workshops and seminars, and creation and strengthening of multiple energy regulatory bodies.

USAID's partners in climate change activities in CEE/NIS include*:

- Alliance to Save Energy
- EnEffect
- Energy Regulators Regional Association (ERRA)
- Municipal Network for Energy Efficiency (MUNEE)
- Nexant
- United States Energy Association (USEA)

Efforts are closely coordinated with the:

- World Bank
- European Bank for Reconstruction and Development
- Black Sea Trade & Development Bank
- United Nations Economic Commission for Europe
- European Union

* Because partners change as new activities arise, this list of partners is not comprehensive.

On behalf of USAID, Nexant is also providing technical assistance in support of a \$3 million loan from the Black Sea Trade & Development Bank to a Sofia municipality in Bulgaria and approval has been obtained for the establishment of a regional Development Credit Authority (DCA) facility. Under the facility, USAID's \$600,000 contribution will leverage a lending portfolio of \$15 million. In addition, a USAID/Serbia-funded project has leveraged a \$50,000 loan from a local bank for energy efficiency improvements.

In the NIS countries, an energy efficiency upgrade has been installed in a Moldova college, and case studies of best practices in Russia and Ukraine were prepared. Also, USAID assistance to the Energy Regulators Regional Association is increasing the capacity to implement energy regulatory reforms in seven NIS countries (Russia, Ukraine, Moldova, Armenia, Georgia, Kazakhstan, and Kyrgyzstan). Accordingly, energy regulatory bodies are continually strengthened, training seminars are conducted, strategies are developed to address energy efficiency in various sectors, and energy accounting systems are beginning to take form.

For more information on USAID's climate change activities in CEE/NIS, visit the USAID Web site at:

- <http://www.usaid.gov>